

SHORE BANCSHARES, INC.



September 6, 2005

FDIC San Francisco Regional Office
Director Johns F. Carter
25 Jessie Street at Ecker Square
Suite 2300
San Francisco, CA 94105

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Dear Director Carter,

I am writing this letter to express our concern and opposition to the acquisition by Wal-Mart of the Utah ILC. I am the CEO of a bank holding company that owns three community banks on the Maryland/Delaware peninsula. We have discussed this issue at the Board level of the various institutions and have the following observations.

We have seen the result of Wal-Mart's entry into our communities. For the most part it has had a devastating effect on small business. In some specific retail areas Wal-Mart has completely destroyed the competition. We believe the entry of Wal-Mart into the banking business would have a similar impact on community banking. Community banks are a crucial part of the infrastructure of rural America. We have serious doubts that Wal-Mart can be as good a partner with small communities as the community banks across the nation.

If Wal-Mart is successful in infiltrating communities with its traditional banking services this could create an additional disadvantage for small business. Wal-Mart could in fact find its branches in a position to deny credit to the vary businesses that they are competing against. Without competition from community banks this potentially creates a conflict of interest without precedent. I do not know how the regulators could adequately guard against this potential conflict of interest.


Finally, on a much broader issue, we at our institutions already have concerns over the dramatic expansion of credit and lack of savings currently in this country. To have the world's largest retailer issuing credit for everything from food to cars is not in the best interest of the economy of our country.

Mr. Director, we know that you have not had an overwhelming response to this issue. Please do not believe that it is sign of apathy. We believe that it is simply the lack of information. We have wrongly believed that this transaction had already met with the

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approval of the regulators and we therefore had no say in the outcome. It was not until just recently that a communication from one of our industry organizations brought this to our attention. From our standpoint we do not see this transaction as filling a gap in the delivery of services across the nation. In fact, in those areas where it makes sense Wal-Mart has partnered with other banking institutions to deliver banking services at Wal-Mart locations. Wal-Mart has historically demonstrated that its business plan is to eliminate all competition through extreme pricing pressure. We do not think this approach is in the best interest of the banking industry. Thus, we ask that you deny Wal-Mart's application for ownership of the ILC.

Sincerely,



Wm. Moorhead Vermilye, CEO
Shore Bancshares, Inc.